

GOVERNOR JENNIFER M. GRANHOLM

Friday, December 1, 2006

Hello, this is Governor Jennifer Granholm.

In the past year, you've heard a lot about the debate over Michigan's Single Business Tax, the SBT.

The SBT was created more than 30 years ago - before outsourcing and globalization were a reality. Under that tax, companies pay higher taxes when they hire more workers or provide health care.

That's why I proposed a dramatic overhaul of the SBT as part of my comprehensive economic plan.

Unfortunately, the Legislature eliminated the SBT without adopting my plan or proposing a replacement of their own.

The SBT contributes to our state's budget which funds public education, health care, public safety and more.

So, failing to replace it puts the things that citizens value at risk. Either they will have to be slashed or citizens will have to pay more in taxes. Both of those options are unacceptable.

Businesses are also left with an uncertain future. That makes recruiting new companies or encouraging existing Michigan companies to expand very difficult.

So, this week, I proposed the Michigan Business Tax.

It is a competitive, pro-growth replacement tax that is based upon several key principles.

It has a broad base – removing the incentive that currently exists for companies to move jobs and factories out of state or overseas.

The Michigan Business Tax has a very low rate – the lowest rate in the country!

The Michigan Business Tax raises the same amount of revenue as the current tax to ensure that our schools, our health care, and our communities are protected while preserving the \$600 million tax cut that we provided for our manufacturers and other industries starting this year.

In addition, the Michigan Business Tax provides Michigan businesses with another \$150 million tax cut.

My plan will be a tax cut for more than 3/4s of Michigan businesses and provides significant personal property tax relief to further help those who pay the personal property tax.

It is a fairer, simpler tax that is the right tax for Michigan's businesses.

I have asked the legislature to pass the Michigan Business Tax before the end of the year.

We have been debating this issue for more than two years.

The businesses who are already here in Michigan deserve to know what their tax liability will be.

The businesses making decisions today about where to locate deserve to know what choosing Michigan will mean.

And our citizens deserve to know the things we value, public education, health care, public safety won't suffer devastating cuts.

It's time to act. Its time to adopt the Michigan Business Tax to give businesses a fair, stable tax that encourages growth while protecting the quality of life we enjoy here in Michigan.

Thank you for listening.